

Spent Nuclear Fuel Project

N. C. Boyter, Vice President/(509) 373-3725

*First Shipment of SNF
from K West Basin*



FTS Operations



First transport leaves K East.

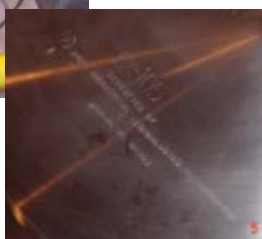


First transport in K East Annex.

MCO Welding Project



First MCO welded.



First N Stamp.

Sludge Water System



*Sludge Transportation System - Test loading large
diameter container into cask at K Basins.*

Project Celebrates 957 Metric Tons of Heavy Metal Moved.



INTRODUCTION

The Spent Nuclear Fuel (SNF) Project consists of Project Baseline Summary (PBS) RL-RS03.

NOTE: Unless otherwise noted, all information contained herein is as of the end of February 2003.

NOTABLE ACCOMPLISHMENTS

Fuel Movement Activities: The project shipped eight Multi-Canister Overpacks (MCOs) containing approximately 59 Metric Tons of Heavy Metal (MTHM) from the K West Basin to the Cold Vacuum Drying Facility (CVDF). Cumulatively, a total of 197 MCOs containing 1,031 MTHM have been shipped to date.

Fuel Transfer System (FTS): The project completed 12 FTS shipments (120 canisters). A cumulative total of 63 shipments (630 canisters) have been completed to date.

MCO Welding at Canister Storage Building (CSB): Actions were completed to address technical requirements necessary to begin welding operations. The project commenced welding operations on schedule, February 3, 2003. Five MCOs have been welded since Operations began. The project is currently one MCO ahead of schedule as of March 3, 2003.

Deactivation and Decommissioning: A draft Request for Information (RFI) is being prepared to solicit innovative alternative deactivation processes from prospective vendors to support the removal from the basins and packaging and disposal of empty fuel canisters, fuel racks, debris and water. The SNF Project and FH Procurement are preparing for a vendor forum to be conducted in March 2003. The vendor forum is designed to enhance the RFI process by providing improved two-way communications with vendors related to the project's overall expectations and scope of work. A visit to the K West Basins will also be conducted.

Sludge Water System (SWS) – K East: Sludge Retrieval System (SRS) construction at K East is 100 percent complete. Readiness Self Assessments are in progress. Operational Test Procedures (OTPs) were completed February 26, 2003. The project has received the new strainers and has selected the large diameter container weighing system vendor. T-Plant dry runs and integration activities are currently underway.

SWS – K West: The K West SWS team has developed a RFI and is working with SNF Project Procurement to conduct a vendor forum scheduled for March 24, 2003. The team has tentatively selected members for the Source Evaluation Board and has developed a preliminary schedule and timeline.

Fuel Scrap Processing: Actions are underway to begin scrap processing at K West in May 2003. Scrap processing equipment was installed during the January 2003 maintenance outage and the project has since completed performance acceptance testing (PAT) and procedure validations. Additionally, the project completed the initial training of twelve operators. Readiness Self-Assessments are being developed to prepare the project for the upcoming Readiness Assessment scheduled to begin April 2003.

Canister Cleaning Operations: During the month, the project cleaned and removed 277 empty canisters from K West. Cumulatively, a total of 1,890 canisters and 917 lids have been prepared for shipment to the Environmental Restoration Disposal Facility. The project is 188 canisters ahead of the baseline schedule.

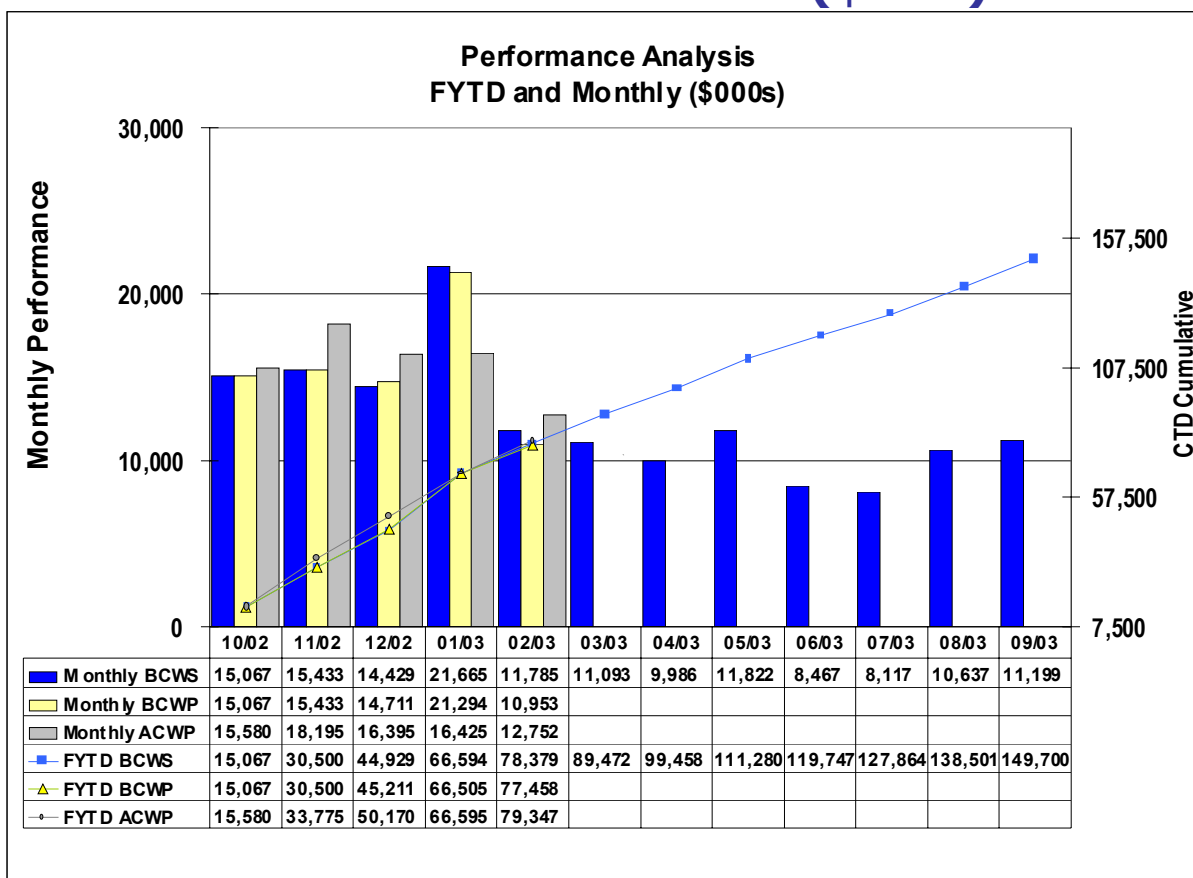
FY 2003 SCHEDULE/COST PERFORMANCE (\$000)

Schedule Variance Analysis: (-\$922K) The unfavorable one percent schedule variance is due to MCO and fuel moves, K East SWS construction and MCO fabrication. Recovery actions to improve the schedule are underway.

Cost Variance Analysis: (-\$1,889K) The unfavorable two percent cost variance is due to K East Fuel transfers, K East FTS Engineering Procurement and Construction, T-Plant Sludge and CSB MCO Welding. The SNF Project continues to implement cost reductions and further evaluate potential areas of savings.

	Budgeted Cost of Work Scheduled	Budgeted Cost of Work Performed	Actual Cost of Work Performed	Schedule Variance \$	Schedule Variance %	Cost Variance \$	Cost Variance %	Budget At Completion
RL-RS03 Spent Nuclear Fuel	78,379	77,458	79,347	-922	-1%	-1,889	-2%	149,700

PERFORMANCE STATUS FYTD AND MONTHLY (\$000)



NOTE: October through December performance does not reflect the project's revised baseline. The re-baseline was finalized in January 2003.

MILESTONE ACHIEVEMENT

Number	Milestone Title	Type (TPA/ DNFSB/PI)	Due Date	Actual Date	Forecast Date	Status/ Comments
M-34-29 (S15-02-001)	Complete K East Basin and K West Basin facility modifications for Alternate Fuel Transfer System casks transportation system	TPA	3/31/02	9/12/02		Complete
M-34-12-T01 (S15-02-001)	Complete construction of Sludge Water System (SWS) (Construction Completion Document Section IIA.)	TPA	09/30/02		3/4/03	Operational Test Procedures complete. Forecast approval of CCD, Section IIA by 3/4/03).
M-34-17 (S00-02-901)	Initiate K East to K West fuel transfer	TPA/PI	11/30/02	11/25/02		Complete
M-34-18A (S03-03-068)	Complete removal of 957 Metric Tons of Heavy Metal (MTHM) of SNF from the K West Basin	TPA/DNFSB/ PI	12/31/02	1/7/03		Complete
M-34-08 (S04-02-205)	Initiate full scale K East basin sludge removal	TPA/DNFSB/ PI	12/31/02		5/12/03	Behind schedule
M-34-27-T01 (S03-03-069)	Complete removal of 1252 MTHM of SNF from K West Basin	TPA	5/31/03		5/31/03	On schedule*
M-34-28 (S03-03-070)	Complete removal of 1619 MTHM from the K West Basin	TPA	12/31/03		12/31/03	On schedule*
M-34-25-T01 (S03-04-001)	Complete transfer of K East Basin SNF to K West Basin	TPA/PI	5/31/04		5/31/04	On schedule
M-34-18B (S00-00-902)	Complete removal of all K Basin SNF	TPA/DNFSB/ PI	7/31/04		7/31/04	On schedule
M-34-10 (S04-01-215)	Complete sludge removal from K Basins	TPA/DNFSB/ PI	8/31/04		8/31/04	On schedule*

MILESTONE ACHIEVEMENT (CONTINUED)

Number	Milestone Title	Type (TPA/DNF SB/PI)	Due Date	Actual Date	Forecast Date	Status/ Comments
M-34-23 (S10-99-953)	Start K East water removal	TPA / PI	9/30/04		9/30/04	On schedule*
S07-04-005	Consolidate spent fuel in the 200 Area	PI	9/30/04		9/30/04	On schedule
M-34-09-T01 (S04-05-516)	Complete K Basins rack and canister removal	TPA / PI	1/31/05		1/31/05	On schedule*
M-34-24 (S10-99-954)	Complete K East Basin Water removal	TPA / PI	9/30/05		9/30/05	On schedule
M-34-21-T01 (S10-99-951)	Initiate full-scale K West Basin water removal	TPA / PI	10/31/05		10/31/05	On schedule
S06-06-006	Complete K Basin water removal	PI (Stretch)	4/30/06		4/30/06	On schedule
M-34-22 (S10-99-952)	Complete K West Basin water removal	TPA / PI	8/31/06		8/31/06	On schedule
S06-06-004	Complete transition activities for Cold Vacuum Drying Facility (CVDF) and other facilities	PI	9/30/06		9/30/06	On schedule
S06-06-005	Transfer of K Basins to the River Corridor Contractor	PI	9/30/06		9/30/06	On schedule
M-34-00A (S10-99-955)	Complete removal of K Basin fuel/sludge/debris/water from K Basins	TPA (Major)	7/31/07		7/31/07	On schedule

NOTE: Above data includes all TPA milestones as included in the FH baseline, and provides contract-to-date status.

** Milestones identified as potentially impacted by new accelerated contract; joint workshops proposed to resolve.*

FY 2003 FH FUNDS VS FORECAST (\$000)

	Expected Funds	Spend Forecast	Variance
RL-RS03 Spent Nuclear Fuel	\$ 149,722	\$ 154,963	\$ (5,241)
Project Completion - Operating			

ISSUES

SNF Project SWS – K East: Tri-Party Agreement Milestone (M-34-08) to begin K East sludge movement by December 31, 2002, is behind schedule. In mid-March, senior leadership evaluated the progress towards readiness by reviewing the results of the first dry-run, conclusions from a Senior Management Assessment, and feedback from the SWS operator team. Feedback from each of these areas revealed the project's need to strengthen its system knowledge, improve system operation times and focus on the continued development of procedures. Additional dry-run time and further system training have been incorporated into the project schedule, resulting in a revised target date of May 12, 2003. The revised date will also allow the project to adequately address operator concerns and outstanding construction items.

The target milestone (M-34-12-T01) to complete SWS construction, operational testing and approval of test results by September 30, 2002 will be completed March 4, 2003.

Fuel Production – FTS Shipments: Removal of all K Basin fuel by July 31, 2004 from the basins is based upon the completion of FTS shipments by January 31, 2004. Equipment failures have impacted FTS shipments. As of March 3, 2003, the project was scheduled to make 71 FTS shipments (710 canisters), but actually completed 63 (630 canisters). The project has increased the number of qualified operators and radiological control technicians, scheduled additional shipments during the week, is using limited overtime on the weekend and continues to focus on addressing equipment problems.

Fuel Production – K West Equipment Reliability: As of March 3, 2003 the project is about three MCOs (ten MTHM) behind the baseline schedule. Removal of all K Basin fuel by July 31, 2004 requires over 80 percent availability of K West fuel processing equipment. These systems were originally designed to empty the K West Basin, but are now being used to empty the K East Basin as well. Failure rates continue to increase as the equipment approaches the end of its normal design life cycle. Reliability, availability and maintainability engineering personnel continue to address issues and develop actions to correct problems for continued focus on the project's high-priority equipment.

Spending Forecast: Emerging activities and project issues have been identified for inclusion in the SNF project's spending forecast. These activities represent a potential cost growth of approximately \$5.268 million. The SNF Project has implemented aggressive cost reduction actions and additional potential reductions continue to be evaluated.

MCO Welding at CSB: Actions to address the technical and operations start-up requirements were completed and the project commenced welding operations on schedule. MCO welding operations is ahead of schedule. The project is tracking progress to a baseline schedule that completes by September 30, 2005. This activity is no longer considered an issue and will no longer be reported as such, unless unforeseen challenges arise.